GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4985
ANSWERED ON:25.08.2000
UTI UNIT
ARUN KUMAR

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that there is a wide spread dissatisfaction among UTI`s US 64investors due to low rate of dividend paid on the scheme for the period ending June 30, 2000;

(b) if so, the reasons therefor ;

(c) the names of Government representatives on the Board of UTI;

(d) if not, how the Government ensures that the interests of the investors are safeguarded;

(e) whether there is any proposal to appoint the representatives of the investors on the Board of UTI; and

(f) if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b): UTI has declared tax-free income distributionof Rs. 1.375 per unit (face value of Rs.10) under US-64(compared to Rs. 1.35 per unit last year), implying a yield of 10.185 % on July 1999 sale price. This is comparable to the market return for a one year fixed deposit or similar instruments.

(c)&(d): At present, there is no representative of the Government on the Board of UTI. The generalsuperintendence and the management of the affairs and business of the Trust are vested in a Board of Trustees comprising (a) a Chairman to be appointed by the Central Government (b) one trustee to be nominated bythe Reserve Bank of India; (c) four trustees to be nominated by the Industrial Development Bank of India of whom not less than three shall be persons havingspecial knowledge of, or experience in commerce, industry, banking, finance or investment; (d) one trustee to be nominated by the Life Insurance Corporation; (e) one trustee to be nominated by the State Bank of India; and (f) two trustees to be electedby the contributing institutions. The Board is discharging its functions under section 9(2) of the UTI Act, act on business principles regard being had to the interest of the unit holders. The decisions regarding investment and income distribution are taken in accordance with the objectives of the scheme concerned and the prudential investment guidelines laid down by the UTI Act.

(e) & (f) : There is no proposal, at present, to appoint representatives of investors on the Board of UTI.